World Production and Trade

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250

Weekly Roundup
WR 21-86
May 29, 1986

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

EC Increases Emphasis on Barley Exports. The European Community's (EC) increasing emphasis on barley exports may mean stiffer competition for U.S. coarse grain exports in 1985/86. The recent announcement of larger export refunds and the authorization of sizable barley intervention (government) stocks for export likely indicates an attempt to increase barley exports despite rising costs. The EC barley export subsidy rose to 131 ECU/ton (about US$ 126 per ton) in April, double the subsidy offered at the beginning of the August/July 1985/86 campaign. With domestic French barley prices at about US$ 200 per ton, this subsidy would reduce the effective FOB price to US$ 74 per ton, undercutting U.S. corn prices by about 30 percent. In a second move, possibly targeted against U.S. barley exports, the EC authorized 400,000 metric tons of barley intervention stocks for export to Saudi Arabia at a reported price of US$ 65 per ton FOB. The United States recently announced a 500,000 ton Export Enhancement Program to Saudi Arabia.

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Moroccan Wheat Imports May Decline in 1986/87. Prospects for a record Moroccan wheat harvest could lead to lower imports of U.S. wheat in 1986/87 (July/June). With larger domestic supplies, total Moroccan wheat imports are projected at 1.6 million tons. In recent years, Moroccan wheat imports have averaged 2 million tons annually with approximately 70 percent from the United States. However, the U.S. market share has dropped as subsidized EC wheat makes up a growing portion of the Moroccan market. USDA has announced an Export Enhancement Program to Morocco for 1.5 million tons of wheat; nearly 900,000 tons has already been purchased.

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Korea Cuts Feed Grain Import Quotas. The level of U.S coarse grain exports to Korea during 1986/87 (Oct/Sept) will depend partially upon the ongoing struggle between feed grain millers and the Korean government. In an effort to expand local production and use of domestic feed grains, the Korean government has lowered the imported feed grain quota for calendar year 1986 to 1985 levels. While the government's import plan is based on total feed use of 6.2 million tons, actual feed grain use for the year has been running at 7.0 million tons and is not expected to diminish. Even if millers increased their use of domestic feed grains, under the new quotas, grain import allocations could be exhausted by late summer, causing a severe feed grain shortage in the Korean livestock sector.

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Mexico Obtains Credit for Argentine Grain Purchases. CONASUPO, Mexico's grain buying agency, has reportedly received about $24 million in credit to partially cover the purchase of Argentine grains and oilseeds made last February. Mexico had cancelled the unshipped balance of those contracts because of a foreign exchange shortage and was expected instead to import U.S. grains on credit. The new credit, plus financing for 100,000 tons of Canadian feed wheat, underscores Mexico's reliance on credit purchases, and reflects foreign exporters' attempts to compete with U.S. credit programs. Mexico has historically been a large U.S. feed grain market, annually purchasing about 6 million tons, but in recent years, Argentine sales have displaced about 500,000 tons of U.S. corn and sorghum.

OILSEEDS AND PRODUCTS

Philippine Copra and Coconut Oil 1986 Export Estimates Increased. As a result of unusually heavy coconut oil export shipments during January-March, the U.S. agricultural counselor in Manila has raised the 1986 coconut oil export estimate for the Philippines from 900,000 tons to nearly 1.2 million tons. Major world importers of coconut oil include the United States, West Germany, the Netherlands, and the USSR. The increase in exports results from an upward adjustment in the copra crop estimate for 1986 now put at 2.3 million tons, compared to last year's production of 1.9 million tons. The Philippine government had prohibited the export of copra since 1983. Since production has increased and the export ban was lifted in March, the Philippines is now forecast to export 130,000 tons of copra in 1986. Prior to the ban, the major export market for Philippine copra was the EC.

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DAIRY, LIVESTOCK AND POULTRY

Soviet Output Increasing. State and collective farms in the Soviet Union continue to report strong performance by the livestock sector, according to the U.S. agricultural attache in Moscow. Total meat production for January-April was up 8 percent, with beef up 7 percent, pork up 8 percent, and poultry meat up 14 percent compared to the same period of 1985. Milk production was reported to have increased 6 percent with per cow production up 7 percent. Egg production was reported to be 4 percent above 1985.

Livestock on state and collective farms continued to increase during April. May 1 cattle numbers at 98.0 million head were 0.6 million head above May 1, 1985, but cow numbers at 29.3 million head were 1 percent below the year-earlier level. Hog numbers at 58.9 million head were 2.6 percent above the comparable 1985 level, but still slightly below the 1984 record. Sheep and goat numbers were reported at 146.5 million head, up 2 percent.

The strong performance is being credited to better than normal overwintering conditions, including both favorable weather and more plentiful feed supplies, and to an early spring. Some credit must also be given to the improved supply of high-protein feeds as a result of larger imports.

FRUITS

Brazilian Orange Production Declines. According to the U.S. agricultural officer in Sao Paulo, 1986 Brazilian orange production is estimated at 10.5 million metric tons, 7 percent below last year's record harvest. Orange production in the commercial producing zone in the state of Sao Paulo is estimated at 8.6 million tons (210 million 40.8-kilogram boxes), unchanged from the previous estimate (see WR-14-86), but down 9 percent from last year's record 9.4 million tons (230 million boxes). Despite dry conditions, Brazil produced a record orange crop in 1985 due to an increase in fruit-bearing trees, less selective picking and slightly higher yields per tree. The 1986 orange season began with a severe drought from June to December 1985 which affected the first bloom during August/September of 1985. Rains returned in January and provided a subsequent bloom which had a generally good set. The delayed out-of-season bloom will delay the 1986 harvest 2-3 months.

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South African Citrus Production Increases. The 1986 total citrus production for South Africa is forecast at 703,000 tons, 9 percent above last year's harvest and the largest crop since 1981, according to the U.S. agricultural counselor in Pretoria. The improvement in this year's crop is attributed to a return to more normal weather following last year's serious hail damage and three consecutive drought-reduced harvests. Irrigation water is still limited; however, water supplies are adequate in the main citrus producing areas of the eastern and northern Transvaal. In the eastern Cape Province, water has been diverted from the Orange River scheme to the Sundays River to bolster water supplies. Orange production in 1986 is forecast at 535,000 tons, up 10 percent; grapefruit production at 105,000 tons, up 3 percent; and lemon production at 63,000 tons, up 13 percent. The bulk of the citrus harvest occurs between April and October.

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RECENT PAPERS AND PUBLICATIONS

U.S. Perspective on the New Round of Trade Negotitions. This speech, presented by Leo V. Mayer, Associate Administrator of FAS at the Sixth Annual World Meat Congress at the Hague on May 29, 1986, outlines the United States' objectives in the area of agriculture for the new round of Multilateral Trade Negotiations which will open this fall. Single copies are available free by contacting FAS Information Division, Room 5922 South Building, USDA, Washington, D.C. 20250. Tel. (202) 447-7937.

EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of May 28, 1986, was as follows in metric tons:

ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS	
32. Sri Lanka Wheat	May 16, '86	125,000	
31 Saudia Arabia Barley	May 7, '86	500,000	
30. Algeria Barley	April 17, '86	500,000	
29. Morocco Dairy Cattle	Apr 16, '86	4,000 head	
28. Turkey Dairy Cattle	Apr 16, '86	5,000 head	
27. Egypt Dairy Cattle	Apr 16, '86	6,000 head	
26. Yemen Poultry Feed	Apr 14, '86	150,000	
25. Yugoslavia Wheat	Apr 10, '86	200,000	Sold 20,000
24. Indonesia Dairy Cattle	Apr 9, '86	7,500 head	
23. Syria Wheat	Apr 8, '86	700,000	
22. Benin Wheat	Apr 7, '86	45,000	
21. Algeria Table Eggs	Apr 4, '86	500 million	
20. Iraq Dairy Cattle	Apr 4, '86	6,500 head	
19. Jordan Wheat	Mar 19, '86	75,000	COMPLETE
18. Tunisia Wheat	Mar 18, '86	300,000	Sold 50,000
17. Algeria Wheat Flour	Feb 25, '86	100,000	
16. Algeria Semolina	Feb 11, '86	250,000	
15. Philippines Wheat	Jan 7, '86	150,000	COMPLETE
14. Zaire Wheat	Dec 27, '85	40,000	Sold 20,000
	May 15, '86	40,000	
13. Nigeria Barley Malt	Dec 10, '85	100,000	
12. Iraq Wheat Flour	Dec 9, '85	150,000	Sold 75,000
11. Egypt Poultry	Nov 26, '85	8,000	COMPLETE
	Mar 21, '86	15,000	COMPLETE
10. Zaire Wheat Flour	Nov 18, '85	64,000	Sold 45,000
	May 15, '86	30,000	
9. Philippine Wheat Flour	Nov 15, '85	100,000	Sold 50,000
8. Jordan Rice	Nov 8, '85	40,000	Sold 22,700
7. Turkey Wheat	Oct 16, '85	500,000	COMPLETE (506,600)
	May 8, '86	500,000	
6. Morocco Wheat	Sept 30, '85	1,500,000	Sold 890,000
5. Yemen Wheat	Sept 6, '85	100,000	Sold 50,000
4. Yemen Wheat Flour	Aug 20, '85	50,000	Sold 31,500
	Apr 14, '86	100,000	
3. Egypt Wheat	Jul 26, '85	500,000	COMPLETE
	Oct 30, '85	500,000	Sold 197,500
2. Egypt Wheat Flour	Jul 2, '85	600,000	Sold 175,000
1. Algeria Wheat	Jun 4, '85	1,000,000	COMPLETE
	Apr 10, '86	1,000,000	

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EXPORT ENHANCEMENT PROGRAM SUMMARY

Announced to Date	10,430,000 (grain equivalent) 500 million table eggs 23,000 tons frozen poultry 29,000 head dairy cattle
Sold to Date	3,431,500 wheat 517,300 flour, grain equivalent 23,000 frozen poultry 22,700 rice
Bonus	$183.3 million at book value (1,287,300 tons)

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Selected International Prices

Item	May 27, 1986		Change from a week ago	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	N.Q.	--	--	183.00
U.S. No. 2 DNS/NS: 14%....	156.00	4.25	-7.00	165.00
U.S. No. 2 S.R.W.	117.50	3.20	-3.50	139.00
U.S. No. 3 H.A.D..........	170.00	4.63	-0-	176.00
Canadian No. 1 A: Durum...	N.Q.	--	--	184.25
Feed grains:				
U.S. No. 3 Yellow Corn....	119.00	3.02	-0-	130.50
Soybeans and meal:				
U.S. No. 2 Yellow........	213.70	5.81	-.30	229.25
Brazil 47/48% SoyaPellets	190.00	--	+1.00	137.50
U.S. 44% Soybean Meal....	180.00	--	-3.00	141.00
U.S. FARM PRICES 3/				
Wheat.....................	112.06	3.05	-8.08	120.51
Barley....................	59.71	1.30	--	83.59
Corn......................	94.49	2.40	+0.39	102.76
Sorghum...................	91.93	4.17 2/	+1.54	97.00
Broilers..................	1328.27	--	+102.51	1185.63
EC IMPORT LEVIES				
Wheat 5/..................	159.65	4.34	-15.15	73.90
Barley....................	152.60	3.32	-8.65	67.60
Corn......................	140.95	3.58	-11.15	60.00
Sorghum...................	150.25	3.82	-9.45	71.45
Broilers 4/ 6/ 8/.........	310.00	--	-9.00	160.00
EC INTERVENTION PRICES 7/ 9/				
Common wheat(feed quality)	190.65	5.19	-6.05	149.05
Bread wheat (min. quality)	202.50	5.51	-6.40	158.35
Barley and all other feed grains.......	190.65	--	-6.05	149.05
Broilers 4/ 6/............	1,380.00	--	-52.00	1,070.00
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	89.45	2.43	-6.75	28.25
Barley....................	N.A.	--	--	47.05
Broilers 4/ 6/ 8/.........	226.00	--	-7.00	94.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. N.A.=None authorized. N.Q.=Not quoted. Note: Basis June delivery.

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